VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: POCAHONTAS GAS PARTNERSHIP

RELIEF SOUGHT: POOLING OF INTERESTS
IN DRILLING UNIT SLW11

PURSUANT TO SECTION 45.1-361.22, (CODE OF

VIRGINIA, 1950 AS AMENDED) FOR THE PRODUCTION OF COALBED METHANE GAS AND COALBED METHANE GAS FROM ACTIVE GOB AREAS (herein collectively

"Coalbed Methane Gas")

LEGAL DESCRIPTION:

DRILLING UNIT NUMBER SLW11 AS CREATED BY BOARD ORDER DATED AS OF FEBRUARY 18, 1992, VGOB No.92/01/21-0180 (Hereafter "Subject Drilling Unit") IN THE KEEN MOUNTAIN QUADRANGLE, BUCHANAN COUNTY, VIRGINIA, in the Consolidation Coal Company Buchanan No. 1 Mine (the "Subject Lands" are more particularly described on Exhibit "A", and depicted on Exhibit B-1,

attached hereto and made a part hereof)

REPORT OF THE BOARD

FINDINGS AND ORDER

- 1. <u>Hearing Date and Place</u>: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on August 18, 1992, at the Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
- 2. <u>Appearances</u>: Elizabeth A. McClanahan of the firm of Penn, Stuart, Eskridge & Jones, appeared for the Applicant; and Sandra B. Riggs, Assistant Attorney General was present to advise the Board.
- Jurisdiction and Notice: Pursuant to Sections 45.1-361.1 et seq., Virginia Code, 1950 as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonable available sources to determine the identity and whereabouts of potential owners, as set forth in Exhibit C, i.e., persons of record, having or claiming the rights to coalbed methane gas in all coal seams below the Tiller Seam (hereafter "Subject Formations") in Subject Drilling Unit underlying and comprised of Subject Lands, and (2) has given notice to all parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by §§ 45.1-361.19 and 45.1-361.22, Virginia Code, 1950 as amended, to notice of this application and (3) that the persons set forth in Exhibit D hereto may be claimants of coalbed methane gas interests in Subject Formations, in Subject Drilling Unit underlying and comprised of Subject Lands who have not voluntarily agreed to pool their interests, and are made parties hereto. Further, the Board has caused notice of

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VIRGINIA GAS AND OIL

DOCKET NO.

BOARD

VGOB 92-0818-0248

this hearing to be published as required by § 45.1-361.19B, Virginia Code, 1950 as amended. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

- 4. Amendments: In Exhibit C, Buchanan Production Company is substituted for Oxy USA, Inc.; and Exhibits D and E were revised.
 - 5. <u>Dismissals</u>: None.
- 6. Relief Requested: Applicant requests (1) that pursuant to § 45.1-361.22, including applicable portions of § 45.1-361.21, Code of Virginia, 1950 amended, the Board pool all the interests and estates in Subject Drilling Unit, including those of the known and unknown persons listed on Exhibit "D", attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, who have not voluntarily agreed to pool their interests in Subject Drilling Unit, for the drilling and operation, including production, of Coalbed Methane Gas produced from active gob areas and horizontal coalbed methane production from a longwall panel and its surrounding area in Consolidation Coal Company's Buchanan No. 1 Mine, i.e., Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"), and (2) that the Board designate Applicant as Unit Operator.
- Relief Granted: Subject to the provisions of Paragraph 17.5 hereof, the requested relief in this cause be and hereby is granted and: (1) Pursuant to § 45.1-361.21(C)(3), Code of Virginia, 1950 as amended, Pocahontas Gas Partnership (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate any coalbed methane gas well in the Subject Drilling Unit producing from Subject Formations, subject to: the permit provisions contained in § 45.1-361.27 et seq., Code of Virginia, 1950 as amended; the Oakwood Coalbed Gas Field Order No. OGCB 3-90 dated May 18,1990; the Board's Order No. VGOB No. 92/01/21-0180 dated as of February 18, 1992; § 480-05-22.1 et seq., Gas and Oil Regulations; and § 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (2) all the interests and estates in Subject Drilling Unit, including those of the known and unknown persons listed on Exhibit "D", attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, and who have not voluntarily agreed to pool their interest in the Subject Drilling Unit, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

| Subject <u>Formations</u> | Unit Size | Permitted Well Locations | Field and Well Classification | Order <u>Number</u> |
|--|---------------------------|--|---|--|
| All coal seams below the Tiller seam and associated strata | SLW11 182.732 acres | BCH-DG-132 (CBM-PGP-132) Estimated total depth 1,632 feet BCH-DG-133 (CBM-PGP-133) Estimated total depth 1,556 feet BCH-DG-134 (CBM-PGP-134) Estimated total depth 2,028 feet BCH-DG-135 (CBM-PGP-135) Estimated total depth 1,970 feet as depicted on Exhibit B-1 attached hereto | Gas Field and Exception thereto created for SLW11 by Board Order No.VGOB 92/01/21- 0180 | OGCB 3-90 (05/18/90), and VGOB 92/01/21- 0180 02/18/92) |

For the Subject Drilling Unit underlying and comprised of the Subject Land referred to as:

Unit Number SLW11, which is within Oakwood Field Units 30W, 30X, 30Y, 30Z, 30AA.
Buchanan County, Virginia.

8. <u>Election and Election Period</u>: Each person listed herein on Exhibit D may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. <u>Election Options</u>:

9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Each person listed herein on Exhibit D may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 480-05-22.2, Section 10 ("Completed for Production Costs"). Further, a Participating Operator agrees to pay such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs set forth below to the Unit Operator within forty-five (45) days from the later of the date of recording or the date of mailing this Order. The Estimated, Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs: \$486,264.87 calculated as follows:

Well BCH-DG-132 (CBM-PGP-132) (\$225,677.10 @ .516) = \$116,449.38

Well BCH-DG-133 (CBM-PGP-133) (\$222,519.30 @ .516) = \$114,819.96(e)

Well BCH-PG-134 (CBM-PGP-134) (\$249,185.90 @ .516) = \$128,579.92(e)

Well BCH-DG-135 (CBM-PGP-135) (\$244,991.50 @ .516) = \$126,415.61(e)

(e) = estimated

A Participating Operator's proportionate cost hereunder shall be that proportion of said costs which the number of net mineral acres in the Subject Drilling Unit owned or claimed by such Participating Operator bears to the total number of mineral acres in Subject Drilling Unit. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay his proportionate part of the Estimated, Completed-for-Production Costs

as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, each person listed herein on Exhibit D may elect to accept a cash bonus consideration of \$1.00 per year per net mineral acre owned by such person plus a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the coalbed methane gas and gas condensate produced from any well development covered by this Order (for purposes of this Order, net proceeds shall be actual proceeds received less all post-production costs incurred downstream of the wellhead, including but not limited to, all gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said owner, and any owner of a leased interest may elect to accept a cash bonus consideration to be paid to said owner of \$1.00 per year per net mineral acre leased as fair, reasonable and equitable compensation. Such cash bonus, when so elected, shall be tendered, paid or escrowed within sixty (60) days from the date of this Order and when so paid or escrowed shall be satisfaction in full for all right, title, interests, estates, and claims of such electing person in the Subject Lands, except, in the case of the owner of an unleased interest, for the normal 1/8th royalty interest.

The election made under this Paragraph 9.2, when so made shall be satisfaction in full for all right, title, interests, estates and claims of such electing person in any well development covered hereby and such electing person shall be deemed to and hereby does lease and assign all its right, title, interests, estates, and claims in the Subject Drilling Unit to the Unit Operator.

9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, each person listed herein on Exhibit D may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. All of such Carried Well Operator's rights, title, interests, estates and claims in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such carried well operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such carried well operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest

of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for all rights, title, interests, estates and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign all its rights, title, interest, estates and claims in the Subject Formations in the Subject Drilling Unit to the Unit Operator for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

- 10. Failure to Properly Elect: In the event a person fails to elect within the time, in the manner and in accordance with the terms of this Order or the alternatives set forth in Paragraph 9 above, such person accepts as to such person's interest, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination or ownership, to have elected to accept as satisfaction in full for all such person's right, title, interests, estates and claims the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned all his right, title, interests, estates and claims in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for all right, title, interests, estates and claims of such person in the Subject Lands.
- <u>Default By Participating Person</u>: In the event a person elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, title, interest, estates and claims the cash bonus consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any such cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for all right, title, interests, estates and claims of such person in the Subject Lands covered hereby.
- 12. Assignment of Interest: In the event a person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Formations in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator all of such person's right, title, interests, estates and claims in and to said well, in Subject Formations in Subject Drilling Unit, and other share in production to which such person may be entitled by reason of any election or deemed election hereunder.
- 13. <u>Unit Operator (or Operator)</u>: The Applicant, Pocahontas Gas Partnership, be and hereby is designated as Unit Operator authorized to drill and

operate the well(s) in Subject Formations in Subject Drilling Unit for the production of coalbed methane gas and coalbed methane gas from active gob areas, all subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended, the Virginia Gas and Oil Board Regulations, VR 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations and VR 480-05-22.1, Gas and Oil Regulations, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

POCAHONTAS GAS PARTNERSHIP P. O. Box 200 Mavisdale, VA 24627 Phone: (703) 498-4512 Fax: (703) 498-4512 Attn: Randall M. Albert

- 14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling or conversion of any well covered hereby within three hundred and sixty-five (365) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged unless sooner terminated by Order of the Board. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the Final Order of the Circuit Court shall be excluded in calculating the one year period.
- 15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the mineral estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. <u>Escrow Provisions</u>:

By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account (herein "Escrow Account") to receive and account to the Board pursuant to its agreement the escrowed funds hereafter described:

Tazewell National Bank P. O. Box 909 Tazewell, VA 24651 (herein "Escrow Agent")

16.1 Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit operator and shall pursuant to Section 45.1-361.21.D, Code of Virginia, 1950 as amended, be deposited by the operator into the Escrow Account, commencing when a sale of gas produced from the well commences and continuing thereafter on a monthly basis with each deposit to be made, by use of the Report Form approved by the Inspector, by a date which is no later than fifteen (15) days after the last day of each month being reported and/or for which funds are

being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with §45.1-361.21.D., Code of Virginia, 1950 as amended. Attached hereto is a listing of all persons who cannot be located, if any, together with each person's last known address, if available.

- 16.2 <u>Escrow Provisions For Conflicting Claimants</u>: If any payment of bonus, royalty payment of other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment or other payment, shall not be commingled with any funds of the Unit Operator and shall, pursuant to Virginia Code Sections 45.1-361.22A.2 and 45.1-361.22A.4, be deposited by the Operator into the Escrow Account, commencing when a sale of gas produced from the well commences and continuing thereafter on a monthly basis with each deposit to be made, by use of the Report Form approved by the Inspector, by a date which is no later than fifteen (15) days after the last day of each month being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.
- 17. Special Findings: The Board specifically and specially finds:
- 17.1 Applicant is a partnership composed of Consolidation Coal Company, a Delaware corporation, and Conoco, Inc., a Delaware corporation, duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2 Applicant claims control of 96.108% of the Pocahontas No. 3 seam of coal, 96.353% of all coal below the Tiller Seam, less the Pocahontas No. 3 seam, 75.95255% of the oil and gas and 96.5655% of the coalbed methane leasehold estate in Subject Drilling Unit in Buchanan County, Virginia, which Subject Lands are more particularly described in Exhibit "A". Pocahontas Gas Partnership claims ownership of the right to explore for, develop and produce the coalbed methane gas underlying 96.108% of the SLW11.
- 17.3 Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- 17.4 Applicant has initially proposed the drilling of four (4) coalbed methane wells on the Subject Drilling Unit to develop the pool in Subject Formations.
- 17.5 The gob area, as defined in Virginia Code Ann. § 45.1-361.1 (Supp. 1991) will extend from the base of the Pocahontas No. 2 seam of coal upward to and result in common communication of all seams and areas below the Tiller seam of coal.
- 17.6 The estimated amount of reserves contained within Subject Drilling Unit is 999 to 1246 MMCF. The estimated average production for Subject Drilling Unit over its life is 1123 MMCF.
- 17.7 Respondents are listed on Exhibit "C". Set forth in Exhibit "D" is the name and last known address of each person of record (who has not, in writing, leased to or voluntarily pooled their interests in

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Subject Drilling Unit for the development) identified by the Applicant as having or claiming a potential interest in the coalbed methane gas underlying in Subject Drilling Unit underlying and comprised of Subject Lands. Exhibit E sets forth conflicting ownership claimants.

- 17.8 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above; and
- The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of coalbed methane gas, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
- Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.
- Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
- Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
- Effective Date: This Order shall be effective on the date of its execution.

day of Octob DONE AND EXECUTED this majority of the Virginia Gas and Oil

DONE AND PERFORMED this 5th day of October , 1992, by Order of this Board.

Byron Thomas Fulmer

Principal Executive To The Staff Virginia Gas and Oil Board

| STATE OF VIRGINIA) COUNTY OF WISE) |
|--|
| Acknowledged on this of day of October , 1992, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same as Chairman of the Virginia Gas and Oil and Board and was authorized to do so. Susan G. Garrett Notary Public |
| My commission expires 7/31/94 |
| STATE OF VIRGINIA) COUNTY OF WASHINGTON) Acknowledged on this day of setale , 1992, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so. Susan G. Garrett Notary Public |

My commission expires 7/31/94

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"SUBJECT LANDS" - SLW11

EXHIBIT A

Beginning at a point Virginia (South Rectangular) State Plane Coordinate N 325333 E 998985, thence S 87° 44′ 53" E 890.69 feet to a point (N 352598 E 999875), thence S 01° 43′ 16" W 9355.22 feet to a point (N 315947 E 999594), thence N 88° 02′ 54" E 851.49 feet to the point (N 315976 E 998743), thence N 01° 28′ 53" E 9360.13 feet to the point of Beginning, containing 182.732 acres.

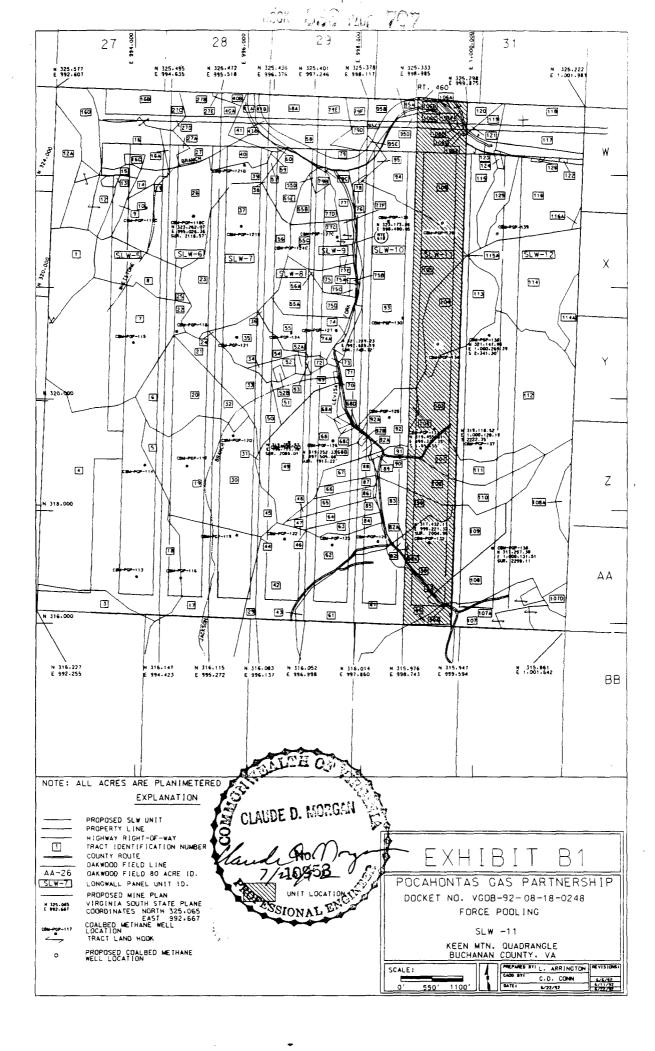


EXHIBIT C

VGOB-92/08/18-0248

Owners and Potential Owners of Methane Gas

SLW11

I. Coal Fee Ownership

- 1. Coal Mountain Trust P.O. Box 675 Tazewell, VA 24651
- Coal Mountain Mining Company 33.871 acres (Tr 9) 18.536% 1.606 acres (Tr 7) - 0.879% 7.682 acres (Tr 6) - 4.204% 64.614 acres (Tr 9A) - 35.360% 30.627 acres (Tr 19) - 16.761% 37.667 acres (Tr 17) - 20.613%
- 2. Yukon Pocahontas Coal Company, Sayers Pocahontas Coal Company, Buchanan Coal Company and Georgia-Pacific Corporation c/o Henry Harman, Jr. Managing Partner Big Vein Company P.O. Box 187 Tazewell, VA 24651

2.643 acres (Tr 67) - 1.446%

Georgia-Pacific Corporation c/o Bill Covington Mineral and Real Estate P.O. Box 105605 Atlanta, GA 30348-5605

Georgia-Pacific Corporation Attn.: Jerry Crouse General Delivery Wyoming, WV 24898

- 3. Lucy V. Wade, et al. c/o Paul Shortt Route 1 Raven, VA 24639
- 3.625 acres 1.984%
- Commonwealth of Virginia 0.397 acres 0.217% Virginia Dept. of Transportation 870 Bonham Road Bristol, VA 24201

II. Coal Leasehold Ownership

1. Consolidation Coal Company 1800 Washington Road 1.606 acres - 0.879**
Pittsburgh, PA 15241 7.682 acres - 4.204**
64.614 acres - 35.360**
30.627 acres - 16.761**
37.667 acres - 20.613***
0.333 acres - 0.182****
1.120 acres - 0.613***

*NOTE: The lease to Consolidation Coal Company is for all coal below drainage.

**NOTE: The lease to Consolidation Coal Company is for all coal below drainage. 1.900 acres of the Pocahontas No. 3 seam of coal is subleased to Island Creek Coal Company.

***NOTE: The sublease to Consolidation Coal Company is for the Pocahontas No. 3 seam of coal only.

*NOTE: The lease to United Coal Company is for all coal above drainage.

3. Island Creek Coal Company Virginia Division 3.625 acres - 1.446%*

Drawer L 1.900 acres - 1.040%***
Oakwood, VA 24631

*NOTE: The lease to Island Creek Coal Company is for all coal below the Tiller seam. 0.333 acres of the Pocahontas No. 3 seam of coal is subleased to Consolidation Coal Company.

**NOTE: The lease to Island Creek Coal Company is for all coal below the Tiller seam. 1.120 acres of the Pocahontas No. 3 seam of coal is subleased to Consolidation Coal Company.

***NOTE: The sublease to Island Creek Coal Company is for the Pocahontas No. 3 seam of coal only.

4. Jewell Smokeless Coal Company/Oakwood Red Ash Coal Corporation P.O. Box 70 Vansant, VA 24656

2.643 acres - 1.446%*

The lease to Jewell Smokeless Coal Company is for all coal in the Tiller seam and above.

III. Oil and Gas Fee Ownership

33.871 acre tract:

1. Coal Mountain Mining Company 3.466 acres - 1.897% Coal Mining Trust P.O. Box 675 Tazewell, VA 24651

30.226 acres - 16.541% 0.179 acres - 0.098%

1.606 acre tract:

Coal Mountain Mining Company 1.554 acres - 0.850% Coal Mining Trust P.O. Box 675 Tazewell, VA 24651

0.052 acres - 0.028%

7.682 acre tract:

3. Coal Mountain Mining Company 7.682 acres - 4.204% Coal Mining Trust P.O. Box 675 Tazewell, VA 24651

64.614 acre tract:

Coal Mountain Mining Company 11.376 acres - 6.225% 4. Coal Mining Trust
P.O. Box 675
Tazewell VA 24651 Tazewell, VA 24651

6.604 acres - 3.614% 25.056 acres - 13.712% 2.408 acres - 1.318% 19.170 acres - 10.491%

30.627 acre tract:

5. Coal Mountain Mining Company 30.627 acres - 16.761% Coal Mining Trust P.O. Box 675 Tazewell, VA 24651

37.667 acre tract:

6. Yukon Pocahontas Coal 35.767 acres - 19.573% Company, Sayers Pocahontas 1.900 acres - 1.040% Coal Company, Buchanan Coal Company and Georgia-Pacific Corporation c/o Henry Harman, Jr. Managing Partner Big Vein Company P.O. Box 187 Tazewell, VA 24651

2.643 acre tract:

Yukon Pocahontas Coal 0.333 acres - 0.182% Company, Sayers Pocahontas 2.310 acres - 1.264% 7. Coal Company, Buchanan Coal Company and Georgia-Pacific Corporation c/o Henry Harman, Jr. Managing Partner Big Vein Company P.O. Box 187 Tazewell, VA 24651

3.625 acre tract:

- Carrie B. Cook Heirs 8.
 - Sue Elkins a. Box 321 Oakwood, VA 24631
 - b. Paul H. Shortt Route 1, Box 178 Raven, VA 24639

- 2.505 acres 1.371% 1.120 acres - 0.613%
- 0.62625 acres 0.34275% 0.2800 acres - 0.15325%
- 0.62625 acres 0.34275% 0.2800 acres - 0.15325%

- c. Richlands, VA 24641
- Sandra Whited 0.62625 acres 0.34275% 734 Terry Drive 0.2800 acres 0.15325% 0.2800 acres - 0.15325%
- Lucy V. Wade Heirs d.
- 0.62625 acres 0.34275% 0.2800 acres - 0.15325%
- i.
- Route 1, Box 200 (1/7 of 0.62625 acres)
 Raven, VA 24639 0.040 acres 0.021000 0.0894643 acres - 0.04897% (1/7 of 0.2800 acres)
- ii. Madge Patricia
- 1941 Lisbon Road (1/7 of 0.62625 acres) Chesapeake, VA (1/7 of 0.2800 23321 0.0894643 acres - 0.04896%
- iii. Anna Laura Bohon P.O. Box 278
 - 0.0894643 acres 0.04896% (1/7 of 0.62625 acres) Oakwood, VA 24631 0.040 acres - 0.02189% (1/7 of 0.2800 acres)
- iv. 22942
- Phyllis Jean Estep 0.0894643 acres 0.04896% 402 Gentry Drive (1/7 of 0.62625 acres)
 Gordonsville, VA 0.040 acres - 0.02189%
 22942 (1/7 of 0.2800 acres) 0.040 acres - 0.02189% (1/7 of 0.2800 acres)
- Dorothy E. Lowe P. O. Box 436 Cedar Bluff, VA v. 24609
 - 0.0894643 acres 0.04896% (1/7 of 0.62625 acres) 0.040 acres - 0.02189% (1/7 of 0.2800 acres)
- vi. Ruth Stumpp
 - 0.1789285 acres 0.09794% Route 1, Box 200 (2/7 of 0.62625 acres)
 Raven, VA 24639 0.0800 acres - 0.04379% (2/7 of 0.2800 acres)

0.397 acre tract:

Commonwealth of Virginia 0.397 acres - 0.217% Virginia Dept. of Transportation 870 Bonham Road Bristol, VA 24201

IV. Oil and Gas Leasehold Ownership:

33.871 acre tract:

Consolidation Coal Company 3.466 acres - 1.897% 1. 1800 Washington Road 30.226 acres - 16.54 Pittsburgh, PA 15241 0.179 acres - 0.098%

30.226 acres - 16.541%

1.606 acre tract:

Consolidation Coal Company 1.554 acres - 0.850% 2. 1800 Washington Road Pittsburgh, PA 15241

0.052 acres - 0.029%

7.682 acre tract:

3. Consolidation Coal Company 7.682 acres - 4.204% 1800 Washington Road Pittsburgh, PA 15241

64.614 acre tract:

Consolidation Coal Company 11.376 acres - 6.225% 4. 1800 Washington Road Pittsburgh, PA 15241

6.604 acres - 3.614% 25.056 acres - 13.712% 2.408 acres - 1.318% 19.170 acres - 10.491%

30.627 acre tract:

5. Consolidation Coal Company 30.627 acres - 16.761% 1800 Washington Road Pittsburgh, PA 15241

37.667 acre tract:

6. Cabot Oil & Gas Corporation P.O. Box 1473 Charleston, WV 25325

35.767 acres - 19.573% 1.900 acres - 1.040%

2.643 acre tract:

7. Cabot Oil & Gas Corporation 0.333 acres - 0.182% P.O. Box 1473 Charleston, WV 25325

2.310 acres - 1.264%

3.625 acre tract:

Pocahontas Gas Partnership 8. P. O. Box 200 Mavisdale, VA 24627

0.0894643 acres - 0.04896% 0.040 acres - 0.02189% 0.0894643 acres - 0.04896% 0.040 acres - 0.02189% 0.0894643 acres - 0.04896% 0.040 acres - 0.02189%

V. Coalbed Methane Leasehold Ownership

1. Pocahontas Gas Partnership P.O. Box 200 Mavisdale, VA 24627

33.871 acres - 18.536% 1.606 acres - 0.879% 7.682 acres - 4.204% 64.614 acres - 35.360% 30.627 acres - 16.761% 37.667 acres - 20.613% 0.0894643 acres - 0.04896% 0.040 acres - 0.02189% 0.0894643 acres - 0.04896% 0.040 acres - 0.02189% 0.0894643 acres - 0.04896% 0.040 acres - 0.02189%

Buchanan Production Company 2. OXY USA, Inc. Mullins Building 1600 Front Street Drawer O Richlands, VA 24641

2.643 acres - 1.446%* 35.767 acres - 19.573%* 1.900 acres - 1.040%*

*NOTE:

This lease acreage to be assigned to Pocahontas Gas Partnership by OXY USA, Inc., pursuant to letter of agreement dated January 31, 1992.

2.643 acres (Tr 67) - 1.446**

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600K 389 7466 715

EXHIBIT D

VGOB-92/08/18-0248

Unleased Owners and Potential Owners of Methane Gas

<u>SLW11</u>

I. Coal Fee Ownership

1. Yukon Pocahontas Coal 2.643
Company, Sayers Pocahontas
Coal Company, Buchanan Coal
Company and Georgia-Pacific
Corporation
C/O Henry Harman, Jr.
Managing Partner

Big Vein Company
P.O. Box 187
Tazewell, VA 24651

Georgia-Pacific Corporation c/o Bill Covington Mineral and Real Estate P.O. Box 105605 Atlanta, GA 30348-5605

Georgia-Pacific Corporation Attn.: Jerry Crouse General Delivery Wyoming, WV 24898

*NOTE: 0.333 acres of the of the Pocahontas No. 3 seam of coal is subleased to Consolidation Coal Company.

2. Lucy V. Wade, et al. 3.625 acres - 1.984%* C/o Paul Shortt Route 1 Rayen, VA 24639

*NOTE: 1.120 acres of the of the Pocahontas No. 3 seam of coal is subleased to Consolidation Coal Company.

 Commonwealth of Virginia 0.397 acres - 0.217% Virginia Dept. of Transportation 870 Bonham Road Bristol, VA 24201 ECOK 399 2466 717

Exhibit D VGOB-92/08/18-0248 Page 3

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3.625 acre tract:

3. Carrie B. Cook Heirs

a. Sue Elkins Box 321 Oakwood, VA 24631 0.62625 acres - 0.34275% 0.2800 acres - 0.15325%

b. Paul H. Shortt Route 1, Box 178 Raven, VA 24639 0.62625 acres - 0.34275% 0.2800 acres - 0.15325%

Sandra Whited 734 Terry Drive Richlands, VA 24641 0.62625 acres - 0.34275% 0.2800 acres - 0.15325%

d. Lucy V. Wade Heirs

i. Curtis E. Wade Route 1, Box 200 Raven, VA 24639 0.0894543 acres - 0.04897% (1/7 of 0.62625 acres) 0.040 acres - 0.02190% (1/7 of 0.2800 acres)

11. Madge Patricia Dillon 1941 Lisbon Road Chesapeake, VA 23321 0.0894643 acres - 0.04896% (1/7 of 0.52625 acres) 0.040 acres - 0.02189% (1/7 of 0.2800 acres)

vi. Ruth Stumpp Route 1, Box 200 Raven, VA 24639

0.1789285 acres - 0.09794% (2/7 of 0.62625 acres) 0.0800 acres - 0.04379% (2/7 of 0.2800 acres)

0.397 acre tract:

 Commonwealth of Virginia 0.397 acres - 0.217% Virginia Dept. of Transportation 870 Bonham Road Bristol, VA 24201 600x 300 Mar 718

Exhibit D VGOB-92/08/18-0248 Page 2

II. Coal Leasehold Ownership

1. Island Creek Coal Company Virginia Division Drawer L

2.643 acres - 1.446%* 3.625 acres - 1.984%** 1.900 acres - 1.040%***

Cakwood, VA 24631

*NOTE:

The lease to Island Creek Coal Company is for all coal below the Tiller seam. 0.333 acres of the Pocahontas No. 3 seam of coal is subleased to

Consolidation Coal Company.

**NOTE:

The lease to Island Creek Coal Company is for all coal below the Tiller seam. 1.120 acres of the Pocahontas No. 3 seam of coal is subleased to Consolidation Coal Company.

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***NOTE: The sublease to Island Creek Coal Company is for

the Pocahontas No. 3 seam of coal only.

III. Oil and Gas Fee Ownership

37.667 acre tract:

1. Yukon Pocahontas Coal
Company, Sayers Pocahontas
Coal Company, Buchanan Coal
Company and Georgia-Pacific
Corporation
c/o Henry Harman, Jr.
Managing Partner
Big Vein Company
P.O. Box 187
Tazewell, VA 24651

35.767 acres - 19.573% 1.900 acres - 1.040%

2.643 acre tract:

2. Yukon Pocahontas Coal
Company, Sayers Pocahontas
Coal Company, Buchanan Coal
Company and Georgia-Pacific
Corporation
c/o Henry Harman, Jr.
Managing Partner
Big Vein Company
P.O. Box 187
Tazewell, VA 24651

0.333 acres - 0.182% 2.310 acres - 1.264%

PENN. STUART→

150k 339 746 718

Exhibit D VGOB-92/08/18-0248 Page 4

IV. Coalbed Methane Leasehold Ownership

1. Buchanan Production Company 2.643 acres - 1.446%* Mullins Building 1600 Front Street Drawer Q Richlands, VA 24641

*NOTE: This lease acreage to be assigned to Pocahontas Gas Partnership by Buchanan Production Company pursuant to letter of agreement dated January 31, 1992.

(Invite-Sayet.Wr) 1Flev.[J]

1000 1820 Mile 719

EXHIBIT E

VGOB-92/08/18-0248

Conflicting Ownership Claimants

SLW11

37.667 acre tract:

Coal Owner:

Coal Mountain Mining Company 37.667 acres (Tr 17) - 20.613*
 Coal Mountain Trust
 P. O. Box 675
 Tazewell, Va 24651

Oil and Gas Owner:

Yukon Pocahontas Coal
Company, Sayers Pocahontas
Coal Company, Buchanan Coal
Company and Georgia-Pacific
Corporation
c/o Henry Harman, Jr.
Managing Partner
Big Vein Company
P.O. Box 187
Tazewell, VA 24651

35.767 acres - 19.573% 1.900 acres - 1.040%

Coal Leasehold Owners:

1. Consolidation Coal Company 37.667 acres - 20.613%* 1800 Washington Road Pittsburgh, PA 15241

*NOTE: The lease to Consolidation Coal Company is for all coal below drainage. 1.900 acres of the Pocahontas No. 3 seam of coal is subleased to Island Creek Coal Company.

2. Island Creek Coal Company 1.900 acres - 1.040** Virginia Division Drawer L Oakwood, VA 24631

*NOTE: The sublease to Island Creek Coal Company is for the Pocahontas No. 3 seam of coal only.

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Exhibit E VGOB-92/08/18-0248 Page 2

Coalbed Methane Leasehold Owners:

1. Pocahontas Gas Partnership 37.667 acres - 20.613% P.O. Box 200 Mavisdale, VA 24627

2.643 acre tract:

Coal Leasehold Owners:

Island Creek Coal Company 2.643 acres - 1.446**
 Virginia Division
 Drawer L
 Oakwood, VA 24631

*NOTE: The lease to Island Creek Coal Company is for all coal below the Tiller seam. 0.333 acres of the Pocahontas No. 3 seam of coal is subleased to Consolidation Coal Company.

Consolidation Coal Company 0.333 acres - 0.182%* 1800 Washington Road Pittsburgh, PA 15241

*NOTE: The sublease to Consolidation Coal Company is for the Pocahontas No. 3 seam of coal only.

Coalbed Methane Leasehold Owner:

Buchanan Production Company 2.643 acres - 1.446%*
 Mullins Building
 1600 Front Street
 Drawer Q
 Richlands, VA 24641

*NOTE: This lease acreage to be assigned to Pocahontas Gas Partnership by Buchanan Production Company pursuant to letter of agreement dated January 31, 1992.

3.625 acre tract:

Coal Owners:

1. Lucy V. Wade, et al. 3.625 acres - 1.984% c/o Paul Shortt Route 1 Raven, Virginia 24639

100K 3EC 246 721

Exhibit E VGOB-92/08/18-0248 Page 3

Oil & Gas Owners:

| 1. | Carrie | В. | Cook | Heirs | |
|----|--------|----|------|-------|--|
|----|--------|----|------|-------|--|

- Sue Elkins a. Box 321 Oakwood, VA 24631
- Paul H. Shortt b. Route 1, Box 178 Raven, VA 24639
- Sandra Whited c. 734 Terry Drive Richlands, VA 24641 N. 174 C
 - đ. Lucy V. Wade Heirs
 - Curtis E. Wade i. Route 1, Box 200 Raven, VA 24639
 - ii. Madge Patricia Dillon 1941 Lisbon Road 23321
 - ili. Anna Laura Bohon P.O. Box 278 Oakwood, VA 24631
 - 402 Gentry Drive Gordonsville, VA 22942
 - Dorothy E. Lowe P. O. Box 436 Cedar Bluff, VA 24609
 - vi. Ruth Stumpp Route 1, Box 200 Raven, VA 24639

- 2.505 acres 1.371% 1,120 acres - 0.613%
- 0.62625 acres 0.34275% 0.2800 acres - 0.15325%
- 0.62625 acres 0.34275% 0.2800 acres - 0.15325%
- 0.62625 acres 0.34275% 0.2800 acres - 0.15325%
 - 0.62625 acres 0.34275% 0.2800 acres - 0.15325%
 - 0.0894643 acres 0.04897% (1/7 of 0.62625 acres) 0.040 acres - 0.02190% (1/7 of 0.2800 acres)
- 0.0894643 acres 0.04896% (1/7 of 0.62625 acres) 0.040 acres - 0.02189% Chesapeake, VA (1/7 of 0.2800 acres)
 - 0.0894643 acres 0.04896% (1/7 of 0.62625 acres) 0.040 acres - 0.02189% (1/7 of 0.2800 acres)
- iv. Phyllis Jean Estep 0.0894643 acres 0.04896% (1/7 of 0.62625 acres) 0.040 acres - 0.02189% (1/7 of 0.2800 acres)
 - 0.0894643 acres 0.04896% (1/7 of 0.62625 acres) 0.040 acres - 0.02189% (1/7 of 0.2800 acres)
 - 0.1789285 acres 0.09794% (2/7 of 0.62625 acres) 0.0800 acres - 0.04379% (2/7 of 0.2800 acres)

6661 HHD 2466 722

Exhibit E VGOB-92/08/18-0248 Page 4

Coal Leasehold Owners:

1. Island Creek Coal Company 3.625 acres - 1.984%*
Virginia Division
Drawer L
Oakwood, VA 24631

*NOTE: The lease to Island Creek Coal Company is for all coal below the Tiller seam. 1.120 acres of the Pocahontas No. 3 seam of coal is subleased to Consolidation Coal Company.

 Consolidation Coal Company 1800 Washington Road Pittsburgh, PA 15241 1.120 acres - 0.613%*

*NOTE: The sublease to Consolidation Coal Company is for the Pocahontas No. 3 seam of coal only.

Oil & Gas Leasehold Owner:

 Pocahontas Gas Partnership P.O. Box 200 Mavisdale, VA 24627 0.0894643 acres - 0.04896% 0.040 acres - 0.02189% 0.0894643 acres - 0.04896% 0.040 acres - 0.02189% 0.0894643 acres - 0.04896% 0.040 acres - 0.02189%

Coalbed Methane Leasehold Owner:

Pocahontas Gas Partnership
 P.O. Box 200
 Mavisdale, VA 24627

0.0894643 acres - 0.04896% 0.040 acres - 0.02189% 0.0894643 acres - 0.04896% 0.040 acres - 0.02189% 0.0894643 acres - 0.04896% 0.040 acres - 0.02189%

[]a/84-53/5[W[1]Rev.E]

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this day of Ctober 1999.

Deed Book No. 34 and Page No. 597.

By: Patricia de Amel, Deputy Clerk

Department of Mines, Minerals and Energy

POST OFFICE BOX 1416 230 CHARWOOD DRIVE ABINGDON, VIRGINIA 24210

CLERK'S OFFICE CIRCUIT COURT BUCHANAN COUNTY, VIRGINIA

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